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OEXC, IN  
SUBJECT: DAS FEIGENBAUM MEETING WITH MEA'S GAITRI KUMAR,  
MARCH 31

Classified By: Political Minister Counselor Ted Osius for Reasons 1.4 (B, D)

11. (C) Summary: In a March 31 meeting, Joint Secretary Gaitri Kumar provided SCA Deputy Assistant Secretary Evan Feigenbaum with a positive Indian assessment of External Affairs Minister Pranab Mukherjee's March 24 visit to Washington, saying it had helped to bring clarity on many outstanding issues. Kumar and Feigenbaum discussed the differing U.S. and Indian concepts of agricultural cooperation and their implications for the future of the Agriculture Knowledge Initiative; both expressed hope that the April 15-16 board meeting would help bring clarity of direction to the initiative. Feigenbaum raised as U.S. priorities the need for progress on the bilateral Defense Agreements, the Fulbright agreement, next steps on the new U.S. proposal for Space cooperation and the Bilateral Investment Treaty. Kumar provided a status report on these agreements and was positive on the potential for forward movement on each. She said the Indian list of priority issues is longer and better presented in writing separately in a nonpaper that she proposed to develop, but she singled out social security totalization and a bilateral agreement on property taxes similar to an existing U.S.-China agreement. Kumar promised to respond soon to the U.S. proposal for establishing regular dialogue between the U.S. and India on Africa, the Gulf and East Asia. End Summary

#### Mukherjee's Washington Visit

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12. (C) During a March 31 meeting, Joint Secretary Gaitri Kumar provided SCA Deputy Assistant Secretary Evan Feigenbaum an upbeat assessment of External Affairs Minister Pranab Mukherjee's March 24 Washington visit. She said the visit was timely in that it helped to bring "clarity on where we are and where we are not" on a number of issues. She felt that the frank manner of the exchanges between the two sides was useful. Kumar said the visit helped to underscore that both sides were committed to the "rest of the relationship," and not focused solely the U.S.-India civil nuclear initiative. She regretted that she had not yet received a read-out of the Secretary-Mukherjee dinner. Feigenbaum responded that the two principals discussed the whole range of bilateral relationship, including but going beyond the

U.S.-India civil nuclear relationship.

Agricultural Knowledge Initiative

13. (C) Kumar expressed her hope that the April 15-16 meeting of the AKI board would help provide clarity of purpose and direction for this signature US-India initiative. Feigenbaum warned of a much more fundamental problem in which there is a conceptual gap between the two sides. In his view, the two sides are using the same vocabulary but talking past each other on priorities and strategies. While the Indian side appears focused on technology cooperation as catalyst, the United States believes the key for realizing Prime Minister Manmohan Singh's vision of a "second Green Revolution" lies in the economics and political economy of the Indian agriculture sector. Even on technology cooperation, he added, the two sides quickly run into an impasse because the most promising technological advances are in the Genetically Modified Organisms (GMO) area for food crops, a topic that the GOI is reluctant to engage on even though India has a positive GMO experience in the cotton crop.

14. (C) Kumar drew a sharp line in the sand on discussion within the AKI of the political economy of the Indian agriculture sector. She noted that "perhaps the US is used to telling countries what to do" in such sensitive areas, but it would not happen with India and there would be "huge pushback" from the GOI on any agenda that includes the economic or political economy of Indian agriculture. She was disappointed that AKI is running into such difficulty, including lack of funding from the U.S. side, noting that the AKI joint work plan had been a combined effort in which both

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sides had collaborated closely to draft a three-year roadmap to concentrate on four focus areas. If the USG now finds fault with the work plan, the two sides need a way to terminate the program, she observed. Feigenbaum noted that the U.S. does not by any means propose to give India instructions but does believe it has experiences to share.

15. (C) Kumar noted that the upcoming meeting of the AKI board would include two new observers from each side -- WalMart and Dole from the U.S. side and CII and FICCI from the Indian side. She indicated that FICCI proposes to organize a tour of India by American small and medium sized enterprises (SMEs) in the agriculture/agri-business sector on grounds that it is these smaller companies rather than the WalMarts which require AKI assistance in order to invest and seek markets in India. Feigenbaum confided that his USDA colleagues had warned him that there is "zero interest" on the part of American SMEs in visiting India to develop business opportunities at this time, in part because they have looked at the difficult experience of larger companies in India. But, he noted, that he had talked to FICCI about this, and obviously welcomes the initiative.

Bilateral Agenda

16. (C) Kumar underlined that the bilateral relationship was good and "there is no waning on our side" of desire to further strengthen it in the last year of the current U.S. administration. She added that to make progress on any of the three dozen dialogues between the two countries a minimum requirement is that both sides must be fully committed to seeking forward movement. Feigenbaum observed that in addition to the US-India civil nuclear initiative, the USG was particularly interested in progress on the bilateral defense agreements, the Fulbright agreement, commercial Space Launch on which the U.S. had made a new proposal, and the Bilateral Investment Treaty (BIT). Kumar said she had a much longer GOI wish-list she will convey separately but she singled out two issues. First, she stated that a bilateral agreement on property taxes along the lines of an existing

US-China agreement would be advantageous to both India and the United States, which could otherwise be stuck with a large tax bill in India. Second, unless the USG shows some progress on Social Security totalization, which costs Indian temporary workers in the U.S. dearly, the GOI may enact similar "taxes" on U.S. citizens working in India.

Defense Agreements: PM Says "Get on With It"

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¶7. (C) Kumar stated that the Prime Minister had directed the National Security Advisor (NSA), the Ministry of Defense (MoD) and MEA to get the agreements finalized. She reported that both the Logistics Support Agreement and the CISMOA are currently with MoD, which must move them forward for cabinet approval. On the End Use Monitoring and Enhanced End Use Monitoring agreements, she stated that the action was currently between MoD and the Indian Embassy in Washington.

Fulbright Agreement: By End of April

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¶8. (C) Kumar estimated that the revised Fulbright agreement would be ready for signature by the end of April. She said she will move it forward through MEA to the cabinet for approval very soon. She had intended to do it just before departing for Washington as part of Mukherjee's delegation, but considering that both Mukherjee and Foreign Secretary Menon would be out of town and unable to clear it, she decided to wait until all of them returned to Delhi.

BIT: Need Dates

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¶9. (C) Kumar was positive on the prospects for a BIT agreement but noted that the Finance Ministry and the Commerce Ministry had not yet settled on the composition of the GOI delegation. Feigenbaum, noting that Finance Minister

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Chidambaram had told USTR Susan Schwab he was interested in moving it forward, asked Kumar for help in getting the GOI to agree to and/or propose dates certain for the next round of BIT negotiations. She instructed her staff to contact the Finance and Commerce Ministries immediately.

Commercial Space Launch: Action with the U.S.

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¶10. (C) Feigenbaum acknowledged that the recent Indian response on the new U.S. proposal on Space Launch was positive. Kumar opined that the prospects for progress on the agreement were good.

Regional Dialogues: Don't Call Us ...

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¶11. (C) On the U.S. proposal for establishing regular dialogue between the U.S. and India on Africa, the Gulf and East Asia, Kumar said the Foreign Secretary had expressed interest but relevant MEA Joint Secretaries are currently preoccupied with the India-Africa summit on April 6. She promised to develop a response to the U.S. proposal soon. Feigenbaum observed that the purpose of initiating such dialogues was for the two countries to turn common interest into complementary policies in these regions.

¶12. (U) DAS Feigenbaum has cleared this cable.

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